



# PRESS RELEASE

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## **FDIC Announces Settlement With Merrick Bank, South Jordan, Utah, for Unfair and Deceptive Practices**

FOR IMMEDIATE RELEASE

The Federal Deposit Insurance Corporation (FDIC) today announced a settlement with Merrick Bank, South Jordan, Utah, (Bank) for unfair and deceptive practices related to marketing and servicing of credit card "add-on products," in violation of Section 5 of the Federal Trade Commission (FTC) Act.

This action results from a review of the Bank's credit card products by the FDIC. As part of the settlement, the Bank stipulated to the issuance of a Consent Order, Order for Restitution, and Order to Pay Civil Money Penalty (collectively, FDIC Order). The FDIC Order requires the Bank to pay a civil money penalty (CMP) of \$1.1 million, and restitution of approximately \$15 million to harmed consumers. Consumers who are eligible for relief under the settlement are not required to take any action to receive compensation.

The Bank marketed the "PAYS Plan," a payment protection credit card add-on product that was sold from 2008 to 2013 to consumers who had a Bank credit card. The PAYS Plan provided a benefit payment towards a consumer's monthly credit card payment following certain life events such as involuntary unemployment, disability, and hospitalization.

The FDIC determined that the Bank violated federal law prohibiting unfair and deceptive practices by, among other things:



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

FDIC press releases and other information are available on the Internet at [www.fdic.gov](http://www.fdic.gov), by subscription electronically (go to [www.fdic.gov/about/subscriptions/index.html](http://www.fdic.gov/about/subscriptions/index.html)) and may also be obtained through the FDIC's Public Information Center (877-275-3342 or 703-562-2200). PR-80-2014

- misrepresenting that the PAYS Plan "Monthly Benefit" would equal the consumer's "Minimum Payment Due";
- misrepresenting that the PAYS Plan would protect the consumer's credit rating;
- misrepresenting that PAYS Plan payments would be made automatically;
- failing to adequately disclose material conditions and restrictions related to the PAYS Plan;
- failing to adequately disclose the terms and conditions for accessing the PAYS Plan hospitalization benefit; and
- requiring permanently disabled consumers to recertify their disabled status each month.

The FDIC Order requires the Bank to take affirmative steps to correct the violations, and to ensure compliance in the future with all consumer protection laws, including the FTC Act.

A copy of the FDIC's Order is available at the FDIC's website at [www.fdic.gov](http://www.fdic.gov).

Attachment:

Consent Order, Order for Restitution, and Order to Pay Civil Money Penalty - PDF (PDF Help)

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